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Special high-level meeting with the Bretton Woods institutions and the World Trade Organization

Provisional summary record of the 9th meeting
Held at Headquarters, New York, on Monday, 26 April 2004, at 3 p.m.

President: Ms. Rasi ..... (Finland)

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The meeting was called to order at 3.15 p.m.

Reports by the six Chairpersons of the Round Tables

1. **The President** invited the Chairpersons of the six Round Table meetings on the theme "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus" to report on their discussions.

2. **Mr. Ricupero** (Secretary-General of the United Nations Conference on Trade and Development), Chairperson of Round Table A, on the impact of private investment and trade-related issues on financing for development, said that the discussions had been helped by the good balance among representatives of Governments, international organizations, civil society, trade unions and the business sector.

3. According to the round-table participants, the Millennium Development Goals could not be achieved without the sustainable growth that would come from implementing the Monterrey Consensus. Because higher growth required higher investment, which in turn required higher savings, they had discussed practical ways of generating private savings which could be channelled efficiently into investment, particularly in small and medium-sized enterprises. The round table had looked at specific examples of such enterprises, and considered the important contribution to the development of the private sector of women, access to microcredit and efficient domestic capital markets.

4. Domestic savings could be supplemented by foreign investment, but the legal and institutional conditions and infrastructure to attract it must be in place. Public companies and Governments must contribute to growth by investing in social infrastructure to support the business sector. Public and private investors must be aware of their own social responsibility and accountability.

5. Trade was the main way of mobilizing resources for development, so it was important to achieve the development aims of the Doha development agenda set by the Doha ministerial conference of the World Trade Organization. In that connection, many of the participants had described the difficulty of choosing how to pursue those aims, particularly in matters such as special and differential treatment for developing countries. Progress must also be made on the agriculture component of the Doha development agenda, as failure to do so was holding back progress in other areas. Developing countries themselves could mobilize resources for development by encouraging more South-South commercial activity, especially by boosting the exports of the least developed countries. Regional organizations could help to promote and finance such commercial activity. The participants regarded the Trade Integration Mechanism recently adopted by the International Monetary Fund as a constructive and imaginative initiative to ease the transition of developing countries to freer trade.

6. Although some commodity prices had recovered, largely because of demand from China, those of coffee, cocoa and sugar still gave cause for concern. Unfortunately, discussion of ways to increase income had so far paid too little attention to commodities. An important component of the forthcoming eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI) was the launching of a partnership to address questions ranging from financing to diversification.

7. The participants in the round table had pointed out that many of the measures recommended could not be implemented by countries with a very low level of development. Some of the least developed countries, especially those emerging from conflict, had subsistence economies which could not generate savings and had too little institutional public infrastructure to support private-sector development. The flow of official development assistance must be improved and remain uninterrupted, especially for the poorest and most vulnerable developing countries.

8. **Mr. Aziz** (Observer for Pakistan), Chairperson of Round Table B, on the same theme as Round Table A, said that discussions had focused on the role of private investment and trade in improving development, income and economic stability and in reducing poverty. Concerned that official development assistance was too low and that progress towards the Millennium Development Goals had been slipping, the participants had urged improvement.

9. Taking investment first, he said that private-sector involvement in development was a two-way street. Investment would not flow unless Governments provided the right conditions: good governance, macroeconomic stability, peace, security and

appropriate infrastructure. The round table had discussed infrastructure at length, pointing out that the task of improving it was not the job of Governments alone, as the private sector could also generate resources, for example, to improve health and education.

10. The round table had also stressed the importance of transparency and anti-corruption measures, and the fact that developing countries needed the help of developed countries to combat money-laundering and the flight of capital. The private sector could ensure that good corporate governance and sound accounting rules were maintained.

11. Transfers of capital from abroad, particularly remittances from workers, were an important source of income, totalling over $90 billion. For many countries, such remittances were higher than foreign direct investment or official development assistance. To maintain and encourage remittances, workers needed open access to world labour markets. There must also be an institutional structure for such transfers.

12. Turning to trade, he said that the poor needed prospects. The key to providing jobs and combating poverty was market access. Many believed that the path to worldwide development was trade, not aid. The Doha development agenda must be revived.

13. Some countries, for example landlocked and island States and those which depended heavily on commodity exports, faced particular challenges. They needed more official development assistance, because even if they carried out macroeconomic and structural reforms, they would not be able to reach a level of development sufficient to increase growth and reduce poverty. However, donors could provide more than just official development assistance: they could also build capacities, and therefore help economic progress.

14. **Ms. Frafjord Johnson** (Observer for Norway), Chairperson of Round Table D, on the role of multilateral institutions in reaching the Millennium Development Goals, said that discussions had focused firstly on the need for coordination and coherence of efforts to fulfil the Millennium Development Goals. The participants had pointed to the absence of an effective division of labour among donors and institutions and had suggested that the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD DAC) could play a role in improving the situation. Coherence began at home: if individual countries did not pursue that aim, multilateral institutions could not be expected to do so.

15. The round table had discussed the need for a country focus, in other words, national implementation of the Millennium Development Goals. In that connection, the participants had pointed out the important role of Poverty Reduction Strategy Papers (PRSPs), which must be refined and developed, as some countries had progressed to second-generation PRSPs. There was still not enough of a direct link between their content and the Millennium Development Goals.

16. Adaptability was essential. The Millennium Development Goals must be tailored to the varied conditions in individual countries. The assistance and lending programmes of the international financial institutions and donors must be aligned with the content of the PRSPs. In particular, the matter of how to ensure that middle-income countries met the Millennium Development Goals was unresolved and must be further explored, since those countries did not have the framework provided by the PRSPs. The national development plans and strategies discussed by the World Bank were one possible choice.

17. Capacity-building was required for effective action on the basis of PRSPs and to increase ownership of development policies. Pursuit of the Millennium Development Goals must continue to receive sufficient funding, but existing resources must also be used wisely and equitably. A number of representatives of developing countries had emphasized the responsibility of the Governments of developing countries in that regard. The fact remained that even if the official development assistance target of 0.7 per cent of gross national product was reached, there would not be enough resources to meet the Millennium Development Goals, particularly the targets for 2015, so that other methods of improving funding, including global taxation, an international finance facility, and debt cancellation focusing on countries outside the Heavily Indebted Poor Countries (HIPC) Initiative, must be explored.

18. Monitoring of compliance with commitments was essential. The Global Monitoring Report of the World Bank and reports from the Secretary-General of the United Nations and the United Nations Development Programme were helpful, but States, the international

financial institutions and donors all had a responsibility to report on progress. A number of donors had said that they would report on their progress and coherence in pursuing Millennium Development Goal 8 (developing a global partnership for development). Dissemination, information and communication must be improved.

19. **Mr. Anjeli** (Observer for Albania), Chairperson of Round Table F, on debt sustainability and debt relief, said that the round table had taken account of the note by the Secretary-General on coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus (E/2004/50) and of the outcome of the 2004 spring meetings of the Bretton Woods institutions.

20. In discussing the case of the Heavily Indebted Poor Countries (HIPC) Initiative, the participants had urged consideration of the effects of the sunset clause which would take effect at the end of the year, and of a prospective top-up mechanism for HIPC countries with continued unsustainable debt. Some countries had been unable to reduce their debt to sustainable levels because initial assumptions about interest rates, export volume and economic growth had been too optimistic. The use of debt-to-export ratios to determine debt sustainability was inappropriate, and macroeconomic, gross domestic product and export-growth figures must not be over-optimistic. Ways must be found to achieve sustainable growth and fulfil the Millennium Development Goals without returning to unsustainable debt levels. The International Monetary Fund Development Committee had recently focused on potential new frameworks for debt sustainability and future borrowing policies in low-income countries.

21. Turning to middle-income developing countries, he said that crisis prevention could help debt sustainability. The participants had suggested standards and codes regarding liability management and accumulation of reserves, and the introduction of more flexible exchange rates.

22. Crisis prevention had improved with the advent of collective action clauses, a new Paris Club approach to debt and a proposed voluntary code of conduct broadly defining the roles of debtors and creditors in resolving crises. Despite such statutory measures for the comprehensive treatment of debt restructuring, other measures, including the proposed Sovereign Debt Restructuring Mechanism, required more work. Support for the orderly resolution of financial crises must be improved in general.

23. Debt crises were not solved merely by an injection of liquidity, but by policies to expand growth. Banking corruption, encouraged by weak regulation and supervision, could provoke a crisis and must also be tackled. Countries with economies in transition suffered from debt accumulation caused by Government financing of non-productive expenditure: such funds should be released to finance investment and encourage economic growth. The objective of debt management should be linked with fiscal and monetary policy.

24. When considering debt sustainability in middle-income countries, it was vital to take account of the needs of the private sector, especially small and medium-sized enterprises, which paid an additional premium for debt financing. The role of financial intermediaries providing credit for such enterprises must be enhanced. The flow of information on investment opportunities in developing countries must be improved. Greater transparency in Government policies would increase investors' confidence and encourage public-private partnerships.

25. In conclusion, the round table had taken the view that debt sustainability was not an end in itself, but rather a prerequisite for financing economic growth and human development. In following through the Monterrey Consensus, the focus must be on promoting growth, but not just through debt repayment. A comprehensive crisis-prevention strategy which included consistent macroeconomic, financial and monetary policies, ensured adequate local financing and overcame inefficiency in the flow of information must be developed. In debt relief efforts, there must be transparency for both debtor and creditor countries, and forums debating debt restructuring, which had in the past been composed predominantly of creditors, must be more balanced.

26. **Mr. Kiekens** (International Monetary Fund), Chairperson of Round Table E, on debt sustainability and debt relief, said that a number of very clear conclusions had been reached, including the fact that the debt overhang was very detrimental to growth and an impediment to achieving the objectives of poverty reduction and the Millennium Development Goals. Indeed, excessive debt not only prevented countries from making optimal use of their fiscal resources but

was also a major impediment to investment and access to credit.

27. Debt relief for heavily indebted poor countries was a major step towards helping them attain their development goals. In that regard, it had been generally agreed that the HIPC Initiative played a very important role. Participants had welcomed the fact that 13 countries had reached the completion point and had received debt relief amounting to about $15.5 billion. Another 14 countries had reached their decision point and the international community had committed itself to providing debt relief totalling $15 billion to that end. However, there were still about 13 countries that had not yet reached their decision point. In that regard, participants had unanimously supported exploring ways to allow all the countries that had not been able to benefit from debt relief to benefit from it in the near future. There had been a clear consensus for delaying the sunset clause or for finding another appropriate instrument. It had been further noted that it was fully appropriate to provide countries that were facing exceptional shocks after reaching the decision point with additional relief. In that regard, the recent decisions on Ethiopia and Niger had been welcomed, with most participants calling for flexibility in the possibility of giving debt relief. All creditors had also been strongly urged to live up to their commitments in respect of the Initiative.

28. There was now a need to ensure debt sustainability in the future. In that regard, it had been recommended that the new methodology that IMF and the World Bank were developing on how to help low-income countries to maintain debt sustainability should be transparent and be used in a flexible way that was tailored to each country's specific needs and circumstances. The debt sustainability assessments should take into account the imperative to reach the Millennium Development Goals, especially poverty reduction objectives and other objectives related to social development. In that regard, it had been suggested that several social indicators used to measure the achievement of those objectives should be included in the new debt sustainability framework.

29. When a country reached the limits of what it could prudently borrow, it should refrain from contracting more debt and the donor community should consider giving adequate financing on grant terms, not as loans. The new debt sustainability framework was a work in progress that would be further refined with experience. It was a framework not for setting borrowing caps, but for promoting adequate financing on appropriate terms as well as protecting against external shocks.

30. Maintaining debt sustainability depended on the policies, put into place to achieve high and sustained growth, as well as on the implementation of the necessary reforms for attracting investment and diversifying and boosting exports, since the ability of countries to service their external debt depended on their capacity to earn export receipts. In that regard, the critical role that the success of the Doha round would play in helping countries to achieve, maintain and strengthen their debt sustainability had been identified as a key ingredient.

31. With regard to debt sustainability in middle-income countries, it had been stressed that stable and high growth were critical components which called for strong macroeconomic policy, transparency in policies and the ability for markets to react in a responsible way to developments in such policies. The development of collective action clauses had been welcomed and it had been recognized that when a country got into repayment difficulties, a fine balance was needed between restoring growth potential, allowing the country to achieve its social and poverty reduction goals and the critical need to regain access to both the domestic and international credit markets.

32. **Mr. Andriamparany** (Observer for Madagascar), Chairperson of Round Table C, on the role of multilateral institutions in achieving the Millennium Development Goals, said that most speakers had underscored the fact that it was only through a well-targeted effort that policy coherence and strategic direction could be achieved. The United Nations and the United Nations Development Programme (UNDP) should act in concert with the Bretton Woods institutions and WTO to further that overall goal. In that regard, there must be a coherence and alignment of common instruments, the United Nations Development Assistance Framework (UNDAF) and PRSPs, to meet the Millennium Development Goals. The importance of improving the identification of needs at the local level, monitoring the progress achieved and learning lessons from experiences had also been emphasized.

33. While it had been agreed that innovative sources of financing were crucial to the achievement of the Millennium Development Goals, some donors believed

that there should not be any increase in transaction costs, and others felt that the link between finance, transparency and the reform efforts should be clear. National efforts were most successful when development became a true national priority. In that regard, PRSPs must be in harmony with countries' circumstances and be based on national initiative, with development policy as a key priority. PRSPs must be integrated with the overall decision-making process, including the budget process. The issue of country ownership of development strategy and the importance of PRSPs as organic links between ownership, development strategy and achieving the Millennium Development Goals had been reaffirmed. Participants had also suggested that, in order to improve the developing countries' ability to report on the implementation of the Goals, their statistical potential needed to be supported. The continued importance of official development assistance (ODA) in the promotion of growth and development had also been discussed, including the need to increase both the quantity and the quality of aid. While some speakers had stressed the crucial role and increasing importance of the private sector in stimulating growth, others had warned that private investment could not entirely replace ODA and public support, although Governments played an important role in facilitating the role of the private sector.

34. Concerns had been expressed about the developed countries' scorecards in fulfilling their part of the bargain made at Monterrey, particularly in the areas of trade facilitation and ODA and the importance of addressing Goal 8 in a serious manner. In that regard, it had been noted that some of the current efforts by the multilateral institutions were process-oriented and procedural and did not address the real issues at hand. The issue of the voice and participation of developing countries in international economic decision-making mechanisms had been raised by several participants, who had called for a new international economic order.

Presentations by a non-governmental organization and a business representative

35. **Mr. Khor** (Third World Network) said that much of the political momentum generated at Monterrey had been eroded. The three themes of the high-level meeting — coherence, coordination and cooperation — had meaning only in the context of the right principles, actions and mechanisms. It was essential for the financing for development process to have the capacity to tackle the many problems raised at events such as the current meeting, which, however important, could not produce real outcomes in the areas of trade, finance and investment. The special high-level meeting with the Bretton Woods institutions and the World Trade Organization should be expanded to cover a two- or three-day period; task forces or expert groups should be established in order to meet throughout the year; the intergovernmental process should be strengthened through the creation of a commission on financing for development, along the lines of the Commission for Social Development and the Commission on Sustainable Development; the United Nations Secretariat should be strengthened in the area of financing for development; and civil society should be given a greater role.

36. Financing for development was still an orphan child in search of parents; it needed the "father" of an intergovernmental commission, the "mother" of a strong Secretariat to chair that process and "brothers" and "sisters" in the community of non-governmental organizations (NGOs) to keep the relevant issues alive. Greater efforts must be made, bearing in mind the desired outcome of sustainable development that empowered people, reduced inequalities and delivered health, food and jobs. Development required the channelling of resources adequate to the fulfilment of human needs; to date, the results had been very disappointing. The seething problems of debt, low commodity prices, the impasse in multilateral trade relations, inadequate aid and intellectual property rights which hindered access to medicines could not be allowed to persist in the current context of increasing insecurity and threats to peace.

37. Debt cancellation for low-income countries; a combination of debt relief and cancellation for countries not covered by the Heavily Indebted Poor Countries (HIPC) Initiative; and a systematic, global debt work-out mechanism for middle-income countries that had fallen into a debt crisis were the only way of preventing each country from inventing its own solution to the debt problem, as Argentina had done. Only a comprehensive, worldwide debt settlement could unblock the arteries of finance and channel funds towards growth and development. Countries' debt sustainability must be linked to their financing needs so that they could meet the Millennium Development Goals.

38. It was time to reconsider the effects of loan conditionalities, which was merely another name for structural adjustment. The core principles of the poverty reduction strategy paper (PRSP) should be reviewed in order to promote counter-cyclical, pro-growth, recovery-oriented economic policies. The financial liberalization conditions that were still included in many letters of intent should be reconsidered in order to allow countries to maintain selective controls and to prevent future financial crises. The Bretton Woods institutions continued to embed unrealistic trade liberalization policies in many PRSPs because they did not understand the context of trade; that approach had led to excessive import liberalization which had harmed many developing countries.

39. With respect to the current impasse in WTO, the Agriculture Agreement should be reformed, subsidies in the North should be reduced and Southern countries should be allowed to protect themselves against those subsidies. A drastic reduction of import tariffs on industrial products would merely lessen the viability of local industries in developing countries. The developed countries should abandon, at least for the time being, the "Singapore issues" which were fragmenting the trade agenda; it was essential to find a comprehensive solution to low commodity prices and the unequal terms of trade that were causing a massive transfer of resources from the South to the North.

40. Policies must be tailored to the country concerned; the "level playing field" assumption of the existing trade system must be replaced by strong, special and differential treatment; the policy of mainstreaming trade and development must give way to a policy of mainstreaming development in trade; the democratic deficit in WTO, IMF, the World Bank and perhaps even the United Nations must be resolved; and the divide between the poor and the rich, between Governments and NGOs, and between the North and the South must be bridged in order to meet the Millennium Development Goal of equal partnership in the global system.

41. **Mr. Underwood** (Business Council for the United Nations), speaking also on behalf of the International Chamber of Commerce (ICC), the World Economic Forum, Samuels & Associates, the Money Matters Institute and other private sector organizations which had been involved in the financing for development process since the International Conference on Financing for Development, said that he welcomed recognition of the private sector's role in development.

42. The Business Council for the United Nations (BCUN) and ICC had recently hosted a meeting of representatives of Governments and multilateral organizations and business experts from developed and developing countries. Participants had considered the financing of infrastructure projects and had identified a series of impediments to private sector investment, such as non-transparent and unstable regulatory systems, macroeconomic instability, foreign exchange restrictions and weak legal and judicial systems. A number of promising approaches to risk-sharing had been identified, including project pooling; global development funds; the use of liquidity facilities to overcome temporary shocks, such as massive devaluation; local currency guarantees; the use of concessionary financing to subsidize targeted users and the use of international arbitration to ensure government contracts and concession agreements.

43. The meeting had also considered the need to improve the access of investors and Governments to information. Six critical areas had been identified: insufficient use of existing information by investors and policy makers; the lack of reliable, relevant sector-specific information, analyses by region and information on the enforceability of contracts; insufficient credibility of information; the need for neutral organizations or expert panels to provide independent assessments of information; the importance of increasing the analytical capacity of investors and policy makers; and the need to improve methods used for risk assessment at the macro and project levels.

44. The process of engaging the private sector in the work of Governments and multilateral organizations must take place through constant consultation at the subnational, national, regional and global levels. Lastly, poverty reduction strategy papers and national development plans should include the private sector at the outset.

Exchange of views among participants

45. **Mr. Robineau** (Economic Commission for Europe), speaking on behalf of the regional commissions, stressed the need to adopt a consistent global approach to development while addressing the diverse situations of developing countries and countries in transition, to focus on development

priorities while recognizing the complexity of designing a variety of interrelated policies to achieve them, and to balance the need for coherent action with the multiplicity of factors involved in development policies and poverty reduction strategies.

46. It was essential not to lose sight of the broad commitments made by the donor community, the Bretton Woods institutions and the Governments of developing countries and countries in transition. The Bretton Woods institutions should make a major commitment to viewing the macroeconomic context as a public good, reducing the volatility of capital, and implementing counter-cyclical policies in order to foster growth; developing countries must make a commitment to implementing poverty reduction strategies; and all parties should be committed to improving governance.

47. It was important to put those broad commitments into practice while taking into account the situation of the global economy and of individual countries, including developing countries and countries in transition. Indicators related to the Millennium Development Goals must be broken down by ethnic group, social and economic level of development, gender and geographical situation.

48. Mutual commitments called for mutual accountability and monitoring by both sides of the partnership in order to avoid feelings of frustration and unfairness. Policy dialogue based on that monitoring was available in a number of forms. The Bretton Woods institutions offered bilateral dialogue related to macroeconomic policies and poverty reduction and linked to aid, debt cancellation and trade facilitation. The United Nations provided a broad, neutral forum for multilateral policy dialogue and for open discussion, not only of the degree to which the Millennium Development Goals were being achieved, but of the policies which had or had not succeeded in achieving them. The regional commissions, in coordination with the regional offices of the United Nations Development Programme (UNDP), were endeavouring to promote exchanges of experience in that area. For example, UNDP, the Department of Economic and Social Affairs and the regional commissions were currently discussing means of validating statistical data, and a system of peer review had been established between African countries.

49. Social development could not be restricted to short-term measures targeting the poor. Investment in human capital must be made over the long term through sustained financing, and macroeconomic policies for sustained growth, articulated with long-term investment in human capital, were essential in order to avoid the risk of reducing the number of poor people without attacking the problem of persistent structural poverty.

50. **Mr. Siv** (United States of America) said that international organizations must complement, not compete with, each other. The President's summary should both recognize that each of the bodies represented at the meeting had a distinct mandate and stress their common goal of poverty elimination.

51. The private sector was at the heart of the Monterrey Consensus, his own Government's Millennium Challenge Account and the World Bank initiatives for small and medium enterprises. The report of the Commission on the Private Sector and Development, *Unleashing Entrepreneurship: Making Business Work for the Poor*, demonstrated that the private sector was the engine of sustainable economic growth, the fastest way to alleviate poverty and achieve the agreed development goals. As current host of the Group of Seven Summit, the United States was leading an ambitious international agenda that would help to promote growth; President Bush's Administration had consistently emphasized the importance of the private sector in that regard.

52. The primary role of Governments was to create an enabling environment for growth and development by broadening access to universal education; increasing savings; improving local governance through, inter alia, anti-corruption measures; and reducing business costs and trade barriers. Developing countries should improve their investment climate in order to retain domestic investment and make themselves more attractive destinations for foreign investment, including investment by their own citizens living abroad.

53. Benefits from the reduction of trade barriers had the potential to far outweigh those of official development assistance (ODA). However, in order for the Doha development agenda to succeed, all parties must be prepared to be flexible and to negotiate. Developing countries also needed to open their markets

to each other; some 70 per cent of duties that they paid were to other developing countries.

54. When developing countries made the choice to invest effectively in their people, donors should assist them, as his own Government was doing through efforts to combat human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) and through its recently launched Millennium Challenge Account. That Account would select aid recipients on the basis of their good policies, including their commitment to economic freedom, and would align assistance with national development strategies and priorities prepared with input from all relevant groups and sectors. None of those funds would be in the form of loans or credits; aid for the poorest countries could be more effective if it was provided as grants.

55. His Government supported increased transparency and a strong role for developing countries and emerging markets in the international financial system. The Bretton Woods institutions had the mandate, skills and experience needed to address financial architecture issues and their Executive Boards should also address the issues of voice and participation.

56. His Government looked forward to the outcome of the Bretton Woods institutions' work on a possible debt sustainability framework; it was essential to provide continued aid flows to vulnerable countries without increasing their debt burden. Since many poor countries were unable to take on even concessional debt, the international community should support the HIPC countries' efforts to reach their completion points; in order to do so, however, those countries must enact the necessary reforms.

57. Poor policy environments rather than lack of funds were the primary obstacles to meeting agreed goals in a number of countries, including some of the poorest. Corruption ate away at funds allocated for schools, school lunches and teachers' salaries. Rather than monitoring an "input-based" approach, the United Nations system should focus more clearly on supporting good governance, sound economic policies, civil society involvement and the role of the private sector.

58. At the international level, too, the focus should be on outcomes rather than inputs, on the effective use of all resources and on measuring results in order to share best practices and lessons learned. His Government did not support new international mechanisms such as the international finance facility, which would not work within its budget system; global taxation schemes; or proposals for new sources of finance that added transaction costs, failed to link aid to performance and good governance and undercut the incentive to reform. The trillions of dollars in current and potential development resources that already existed in the developing world must be unlocked and put to work. Lastly, more attention must be devoted to the role of the various United Nations agencies, funds and programmes in capitalizing on their comparative advantages to help countries to create an enabling environment for growth.

59. **Ms. Viotti** (Observer for Brazil), speaking on behalf of the Rio Group, stressed the importance of the role of the international financial institutions in promoting economic growth. Over the previous decade, most Latin American and Caribbean countries had adopted sound economic policies and significant fiscal adjustment programmes complemented by structural reforms. However, most of those countries had experienced a frustrating growth performance, increased unemployment and, in many cases, a deterioration in income distribution, which had led to severe consequences in terms of poverty and social unrest. The challenge facing them was how to maintain sound fiscal policies without impairing the capacity of the public sector to provide the adequate economic and social infrastructure to attract private investment. The Rio Group therefore encouraged the international financial institutions and other multilateral bodies to take action in that regard. It looked forward to the results of the pilot studies on modifying the coverage of fiscal indicators and assessing the fiscal implications of public-private partnerships.

60. Speaking as the representative of Brazil, she said that the Presidents of Brazil, France and Chile, supported by the Secretary-General of the United Nations, had set up a Technical Working Group in order to participate actively in the debate on new sources of financing for the implementation of the Millennium Development Goals. The recommendations of the Working Group would be discussed at a meeting to be held in New York in September 2004 and it was hoped that that intergovernmental debate would not only mobilize political will but also contribute towards reaching a consensus on the need for additional

financing for development. On the basis of an agreed road map and a thematic agenda, a core group of countries could make specific proposals on the implementation of viable innovative financing mechanisms, which would feed into the discussions on the follow-up to the implementation of the Millennium Development Goals.

61. **Mr. Ayari** (Tunisia) echoed the call for better synchronization between the United Nations and the international financial institutions and for the participation of developing countries in the decision-making processes of those institutions. He also endorsed the comments made by previous speakers regarding the need for assessment mechanisms.

62. At the International Conference on Financing for Development in 2003, the World Bank had pointed out that, despite the fact that many African countries had never been so well governed, development aid was extremely slow to reach them. It was essential to take account of the effects of the external debt burden of middle-income countries on their social and economic prospects and to adopt appropriate and effective measures at the global level in order to improve their situation. There was no justification for excluding middle-income countries from debt cancellation mechanisms, particularly in view of the significant efforts made by those countries to introduce structural adjustment policies and honour their commitments.

63. The participation of developing countries in the decision-making processes of the international financial institutions had become essential. It was inconceivable to continue using a system that marginalized those countries and there was a need to draw up a concrete timetable for the achievement of that aim. The private sector also had an important role to play in alleviating poverty, but the extent of that scourge meant that the whole international community must unite its efforts. If the Millennium Development Goals were to be achieved, new sources of financing for developing countries must be identified. Official development assistance had increased in 2002 and, according to pledges made at Monterrey, it was expected to reach $77 billion in 2006. He called on the international community to contribute to initiatives such as the World Solidarity Fund.

64. **Mr. Gallegos Chiriboga** (Ecuador) endorsed the remarks made by the representative of civil society. The limited scope of international cooperation and trade, in particular the obstacles to the subsidies system, the external debt burden on middle-income countries, and structural adjustment policies were all hindering economic growth. The consequences of those financial difficulties for democracy meant that there was a fundamental need for new measures to alleviate poverty and increase security at the global level.

65. **Mr. Gupta** (India) said that the theme of the current meeting was particularly significant, since development could not be achieved with piecemeal or uncoordinated policies. Complete policy coherence was neither theoretically conceivable nor practically feasible, but a realistic goal would be to remove the most obvious inconsistencies and strive for greater coherence wherever necessary. There was a need to assess not only development policy itself but also the procedures involved in the process as a whole.

66. Despite the agreements reached at Monterrey, the transfer of resources to the developing countries continued to be negative. In that respect, it would be necessary to ascertain, inter alia, whether that trend was due solely to the slow growth of the world economy and the extent of the influence of trade and market access factors.

67. Levels of official development assistance remained far below the projections of resource requirements for the achievement of the Millennium Development Goals made by the World Bank and other international financial institutions. The implementation of the commitments made at Monterrey, together with new and additional long-term commitments, was essential if the developing countries were to achieve those Goals. Transparency in the disbursement of official development assistance was necessary, and such assistance must supplement the efforts of national Governments. It should also be on terms consistent with long-term debt sustainability and aligned with country-owned policies and programmes.

68. The members of the World Trade Organization (WTO), particularly the developing countries, had a great deal at stake and the forthcoming days would be crucial in terms of defining the role of the multilateral trading system. He hoped that all WTO members would play a positive role in moving ahead with the Doha work programme and ensuring a fair and balanced outcome of the negotiations.

69. Lastly, there had been little progress in implementing the agreement to enhance the

participation of the developing countries in the decision-making processes of international trade, financial and monetary institutions. That question must be addressed at the earliest opportunity, since it would enable the developing countries to influence and benefit from the intergovernmental financial architecture. The United Nations was best placed to provide political guidance to Member States in that vital area.

70. **Mr. Mayoral** (Observer for Argentina) endorsed the statement made by the representative of Brazil on behalf of the Rio Group and expressed his support for meetings between the United Nations and the Bretton Woods institutions and other international organizations dealing with economics and finance.

71. Corruption in developing countries was a major obstacle to combating poverty and, in accordance with the Monterrey Consensus, the private sector had a pivotal role to play in alleviating that scourge. He urged the developed countries to play their part by facilitating trade with heavily indebted countries, particularly those in South America, on equitable terms.

72. **Mr. Balarezo** (Observer for Peru) endorsed the statement made by the representative of Brazil. President Toledo's recent call to action echoed the aims of the Monterrey Consensus. Sustainable growth was inextricably linked to high levels of investment, and new financial mechanisms to promote investment must therefore be developed in order to streamline the aims of the private sector with the needs of populations, thereby strengthening democratic governance.

Closure of the special high-level meeting

73. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that the preparatory meetings between representatives of civil society and the business sector and between a number of African Ambassadors and the Executive Directors of the Bretton Woods institutions would greatly facilitate the work of the United Nations in the area of economic and social development.

74. He welcomed the impact of the Millennium Development Goals, the Millennium Declaration and the Monterrey Consensus on the work of the Bretton Woods institutions and looked forward to further opportunities for closer collaboration with those institutions in the near future, inter alia in the preparatory work for the follow-up to the Millennium Declaration.

75. **The President** welcomed the lively, well-informed and open discussion of key policy issues that had taken place. The round-table meetings were particularly beneficial, as they provided an opportunity for national and international policy makers to answer their critics and facilitated dialogue between Governments. The themes of coherence, coordination and cooperation continued to be at the heart of work in the area of economic development and it was now up to the Economic and Social Council, which had been mandated to ensure that the United Nations collaborated with the Bretton Woods institutions, to turn the outcome of recent discussions into meaningful action.

76. In order to follow up on progress made at the high-level meeting, national Governments must step up ministerial cooperation and collaborate with interested parties from all sectors of society. Member States must agree on how best to use the United Nations to facilitate the formation of a global coalition in order to spread development to the four corners of the world with a view to diminishing, even eradicating, the scourge of poverty.

77. She declared the special high-level meeting with Bretton Woods institutions and the World Trade Organization closed.

The meeting rose at 5.20 p.m.